

**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

May 14, 2019

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks) for the years ended December 31, 2018 and 2017.

Silos and Smokestacks was organized in 1991 as a non-profit corporation for charitable and educational purposes. The mission of Silos and Smokestacks is to preserve and tell the story of American agriculture and its global significance through partnerships and activities which celebrate the land, people and communities of the area.

Sand reported Silos and Smokestacks' public support and revenues totaled \$778,556 for the year ended December 31, 2018, a 0.73% decrease from 2017. Public support and revenue consisted primarily of a \$693,432 federal grant, provided through the National Park Service, for conserving, interpreting and developing the historical, cultural, natural and recreational resources related to the industrial and cultural heritage of Northeast Iowa. Expenses totaled \$786,435 for the year ended December 31, 2018, a 1.25% increase over 2017, and included \$689,812 of project expenses, \$57,904 of administration expenses and \$38,719 of fundraising expenses.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

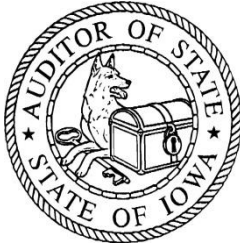
# # #

**AMERICA'S AGRICULTURAL  
INDUSTRIAL HERITAGE LANDSCAPE, INC.  
D/B/A SILOS AND SMOKESTACKS NATIONAL HERITAGE AREA**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**DECEMBER 31, 2018 AND 2017**

## **Silos and Smokestacks National Heritage Area**



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Rob Sand  
Auditor of State

May 1, 2019

Officials of America's Agricultural Industrial Heritage Landscape, Inc.,  
d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks)

Dear Board of Trustees:

I am pleased to submit to you the financial and compliance audit report for Silos and Smokestacks for the year ended December 31, 2018. The audit was performed in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Silos and Smokestacks throughout the audit. If I or this office can be of any further assistance, please contact me or Marlys Gaston of my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large, looped "R" and a long, sweeping "S".

Rob Sand  
Auditor of State

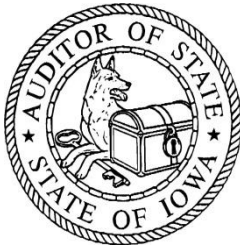
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**Silos and Smokestacks National Heritage Area  
Board of Trustees**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Hoyt	Chair	Jun 2019
Glen Keppy	Vice Chair	Jun 2019
Ray Steffens	Secretary	Jun 2019
Trish Cook	Treasurer	Jun 2020
Soo Greiman	Member	Jun 2019
Doug Reimer	Member	Jun 2019
Carolann Jensen	Member	Jun 2020
Paula Mohr	Member	Jun 2020
Michael Naig	Member	Jun 2020
Emily Staudacher	Member	Jun 2020
Steve Firman	Member	Jun 2021
John Frazier	Member	Jun 2021
Jeff Frost	Member	Jun 2021
Geof Grimes	Member	Jun 2021
Rose Rohr	Member	Jun 2021
Trish Cook	Finance and Human Resources Committee Chair	Jun 2020
Rose Rohr	Partnership Panel Chair	Jun 2021
Cara Miller	Executive Director	Indefinite

**Silos and Smokestacks National Heritage Area**



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### Independent Auditor's Report

To the Board of Trustees of Silos and Smokestacks National Heritage Area:

#### Report on the Financial Statements

We have audited the accompanying financial statements of America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks), as of and for the years ended December 31, 2018 and 2017, and the related Notes to Financial Statements, which collectively comprise Silos and Smokestacks' financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Silos and Smokestacks' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Silos and Smokestacks' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Silos and Smokestacks as of December 31, 2018 and 2017, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

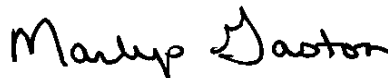
### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Silos and Smokestacks' financial statements. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2019 on our consideration of Silos and Smokestacks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Silo and Smokestacks' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Silos and Smokestacks' internal control over financial reporting and compliance.



MARLYS K. GASTON, CPA  
Deputy Auditor of State

May 1, 2019

## **Financial Statements**

**Exhibit A**

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## Silos and Smokestacks National Heritage Area

## Statements of Net Assets

December 31, 2018 and 2017

	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 538,921	524,072
Prepaid expenses	2,631	2,685
Equipment, less accumulated depreciation of \$68,705 in 2018 and \$67,358 in 2017	7,022	14,222
<b>Total assets</b>	<b>\$ 548,574</b>	<b>540,979</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 5,357	2,242
Payroll tax payable	5,109	5,123
Compensated absences	14,552	9,906
Advances from others	189,954	182,341
Total liabilities	214,972	199,612
Net assets:		
Net investment in capital assets	7,022	14,222
Unrestricted	326,580	327,145
Total net assets	333,602	341,367
<b>Total liabilities and net assets</b>	<b>\$ 548,574</b>	<b>540,979</b>

See notes to financial statements.

Silos and Smokestacks National Heritage Area

Statements of Activities

Years ended December 31, 2018 and 2017

	2018	2017
Public support and revenues:		
Public support:		
Contributions	\$ 76,536	120,606
Federal support	693,432	659,094
Total public support	769,968	779,700
Revenues:		
Conference and workshop income	5,730	4,305
Advertisement sales	2,868	-
Miscellaneous	-	255
Total revenues	8,598	4,560
Total public support and revenues	778,566	784,260
Expenses:		
Project	689,812	697,004
Administration	57,904	43,274
Fundraising	38,719	36,479
Total expenses	786,435	776,757
Operating income (loss)	(7,869)	7,503
Non-operating revenue:		
Interest income	104	100
Change in net assets	(7,765)	7,603
Net assets beginning of year	341,367	333,764
Net assets end of year	\$ 333,602	341,367

See notes to financial statements.

**Exhibit C**

## Silos and Smokestacks National Heritage Area

## Statements of Cash Flows

Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Cash received from federal sources	\$ 710,000	968,154
Contributions received	67,581	65,031
Cash received from miscellaneous sources	8,598	4,560
Cash paid for goods and services	(315,347)	(319,669)
Cash paid to employees for services	(454,905)	(457,125)
Net cash provided by operating activities	15,927	260,951
Cash flows from capital financing activities:		
Acquisition of equipment	(1,182)	(4,970)
Cash flows from investing activities:		
Interest received	104	100
Net increase in cash and cash equivalents	14,849	256,081
Cash and cash equivalents beginning of year	524,072	267,991
Cash and cash equivalents end of the year	\$ 538,921	524,072
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (7,869)	7,503
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	8,382	7,453
Increase in grants receivable	-	159,087
Decrease in prepaid expenses	54	18
Increase (decrease) in accounts payable	3,115	(1,972)
Increase (decrease) in payroll tax payable	(14)	13
Increase (decrease) in compensated absences	4,646	(5,549)
Increase in advances from others	7,613	94,398
Net cash provided by operating activities	\$ 15,927	260,951

See notes to financial statements.

# Silos and Smokestacks National Heritage Area

## Notes to Financial Statements

December 31, 2018 and 2017

### (1) Summary of Significant Accounting Policies

#### A. Reporting Entity

America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks), was organized in 1991 as a non-profit corporation for charitable and educational purposes. Silos and Smokestacks provides technical assistance, youth education opportunities and grant funding to communities and partner sites in the heritage area. Silos and Smokestacks encompasses a 37 county region in northeast Iowa and is federally designated as a National Heritage Area and operates as an affiliate of the National Park Service. The primary source of public support is a grant from the National Park Service.

Silos and Smokestacks is exempt from tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for charitable, religious or educational purposes.

#### B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when the liability is incurred.

Purchases of equipment providing future benefits are capitalized and depreciated.

#### C. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Silos and Smokestacks and changes therein are classified and reported as follows:

Net investment in capital assets – Capital assets, net of accumulated depreciation.

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related net assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

D. Assets, Liabilities and Net Assets

Cash and Cash Equivalents – Silos and Smokestacks considers savings accounts and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Equipment – Purchased equipment is stated at cost. Capital assets are defined by Silos and Smokestacks as assets with an initial individual cost of more than \$500 and estimated useful lives in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 7 years.

Compensated Absences – Employees accumulate a limited amount of earned but unused vacation benefits payable. Amounts representing the cost of compensated absences are recorded as liabilities and have been computed based on rates of pay in effect at December 31, 2018 and 2017.

Advances from others – Advances from others represents grant proceeds which have been received by Silos and Smokestacks but will be spent in succeeding years.

**(2) Equipment**

A summary of equipment is as follows:

	December 31,	
	2018	2017
Equipment	\$ 75,727	81,580
Accumulated depreciation	(68,705)	(67,358)
Equipment, net	\$ 7,022	14,222

**(3) Employee Benefit Plan**

Silos and Smokestacks offers a SIMPLE IRA plan. Under the plan, an employee can defer up to \$12,500 for the years ended December 31, 2018 and 2017 to their SIMPLE IRA. In addition, employees over 50 years of age can defer an additional \$3,000 per year for the years ended December 31, 2018 and 2017 to their SIMPLE IRA. Investments grow tax-deferred, along with employer contributions. Silos and Smokestacks provides a dollar for dollar match for each participating employee's deferral, up to 3% of the employee's compensation. Plan expenses incurred by Silos and Smokestacks during the years ended December 31, 2018 and 2017 were \$10,497 and \$10,520, respectively.

**(4) Risk Management**

Silos and Smokestacks is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(5) Matching Grant Activity**

Silos and Smokestacks entered into an agreement with the U.S. Department of the Interior, National Park Service (NPS) to receive up to \$15 million of grant funds during the period June 2000 through September 2021, as amended.

In 2013, President Obama signed a continuing resolution reinstating Federal funding through September 2014 allowing Silos and Smokestacks to continue its programs. Subsequent legislation changed the date from 2014 to 2021. The current agreement with the NPS continues to require a dollar for dollar match of Federal funds with non-Federal funds. The match can be leveraged by contributing to projects of other organizations and individuals. During the year ended December 31, 2018, federal funds were over 89% of total revenues.



**Silos and Smokestacks National Heritage Area**

### **Supplementary Information**

**Schedule 1**

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## Silos and Smokestacks National Heritage Area

## Schedule – Statement of Activities Information

For the years ended December 31, 2018 and 2017

	2018	2017
Public support and revenues:		
Public support:		
Contributions	\$ 76,536	120,606
Federal support:		
National Park Service grant	693,432	659,094
Total public support	769,968	779,700
Revenues:		
Conference and workshop income	5,730	4,305
Advertisement sales	2,868	-
Miscellaneous	-	255
Total revenues	8,598	4,560
Total public support and revenues	778,566	784,260
Expenses:		
Project:		
Personnel	384,999	391,518
Consultants	23,000	91,500
Grant and loan projects	63,921	45,112
Printing and postage	11,157	8,047
Occupancy	30,271	34,062
Travel, mileage and lodging	14,126	17,594
Meetings and registrations	18,819	13,699
Education and promotion projects	81,712	29,417
Information technology	10,203	9,703
Website maintenance	5,039	4,131
Accounting	7,467	8,519
Depreciation	6,777	6,063
Insurance	6,743	7,125
Dues, memberships and subscriptions	-	157
Public awareness and promotion	14,158	23,531
Training and education	97	-
Other	11,323	6,826
Total project expenses	689,812	697,004

## Silos and Smokestacks National Heritage Area

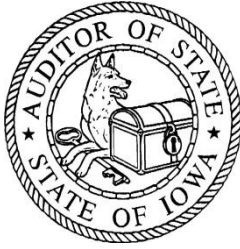
## Schedule – Statement of Activities Information

For the years ended December 31, 2018 and 2017

	2018	2017
Administration:		
Personnel	48,304	34,479
Printing and postage	106	101
Occupancy	3,462	2,858
Travel, mileage and lodging	27	49
Meetings and registrations	7	-
Information technology	1,789	1,594
Accounting	1,309	1,399
Depreciation	1,188	996
Insurance	1,051	1,049
Dues, memberships and subscriptions	-	26
Training and education	17	-
Other	644	723
Total administration expenses	57,904	43,274
Fundraising:		
Personnel	26,234	25,592
Printing and postage	1,454	612
Occupancy	1,935	2,031
Travel, mileage and lodging	2,622	595
Meetings and registrations	758	1,763
Education and promotion projects	3,594	3,597
Information technology	628	630
Website maintenance	15	-
Accounting	461	554
Depreciation	417	394
Insurance	369	415
Dues, memberships and subscriptions	-	10
Training and education	6	-
Other	226	286
Total fundraising expenses	38,719	36,479
Total expenses	786,435	776,757
Operating income (loss)	(7,869)	7,503
Non-operating revenue:		
Interest income	104	100
Change in net assets	(7,765)	7,603
Net assets beginning of year	341,367	333,764
Net assets end of year	\$ 333,602	341,367

See accompanying independent auditor's report.

**Silos and Smokestacks National Heritage Area**



# OFFICE OF AUDITOR OF STATE STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees of Silos and Smokestacks National Heritage Area:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of America's Agricultural Industrial Heritage Landscape, Inc., d/b/a Silos and Smokestacks National Heritage Area (Silos and Smokestacks), as of and for the year ended December 31, 2018, and the related Notes to Financial Statements, which collectively comprise Silos and Smokestacks' financial statements, and have issued our report thereon dated May 1, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Silos and Smokestacks' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Silos and Smokestacks' internal control. Accordingly, we do not express an opinion on the effectiveness of Silos and Smokestacks' internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Silos and Smokestacks' financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Silos and Smokestacks' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of Silos and Smokestacks' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Silos and Smokestacks' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Silos and Smokestacks during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARLYS K. GASTON, CPA  
Deputy Auditor of State

May 1, 2019

Silos and Smokestacks National Heritage Area

Schedule of Findings

Year ended December 31, 2018

**Summary of the Independent Auditor's Results:**

- (a) An unmodified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.



## Silos and Smokestacks National Heritage Area

### Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Pamela J. Bormann, CPA, Manager  
Sarah J. Swisher, Senior Auditor  
Ethan M. Snedigar, Assistant Auditor